GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2230
ANSWERED ON:06.05.2016
Tax on Digital Services
Singh Shri Sunil Kumar

Will the Minister of FINANCE be pleased to state:

a) whether a Committee of the Central Board of Direct Taxes (CBDT) has recommended for the levy of a 6-7 percent tax on most digital services;

b) if so, the details thereof and if not, the reasons thereof;

c) whether the Government has assessed its impact on consumers; and

d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) & (b): Yes, Madam. A Committee was constituted by the Central Board of Direct Taxes (CBDT) to examine taxation of E-Commerce, which has recommended that Equalization Levy may be imposed at a rate of six to eight percent, on any consideration of more than one lakh rupees received by a non resident from a resident in India or from a permanent establishment in India for certain specified digital services, including online advertising, any services for online advertising and digital advertising space.

(c) & (d): The Finance Bill, 2016 proposes equalization levy at the rate of 6% of the amount of consideration for specified services received or receivable by a non-resident, from a resident in India who carries out business or profession, or from a non-resident having a permanent establishment in India, where the aggregate amount of consideration received in a year exceeds one lakh rupees. The proposed levy will have no direct impact on consumers as it is applicable only to business to business transactions.